

**NAC 645B
MORTGAGE BROKER
REGULATORY COMPLIANCE QUESTIONNAIRE**

Section	Yes	No	N/A	Comments
NAC 645B.004:"Major violation"				
1. Has the mortgage broker caused substantial loss or harm to any person, or which, in the opinion of the commissioner, could have caused substantial loss or harm to any person.				Y=Violation
2. Has the mortgage broker repeated a violation for which the commissioner has taken disciplinary action in the past.				Y=Violation
3. Has the mortgage broker willfully and/or shown indifference to the obligations of the mortgage broker pursuant to this chapter or chapter 645B of NRS				Y=Violation
NAC 645B.030:Supervision of branch offices				
1. Is the broker's license conspicuously displayed at the branch office?				N=Violation
2. Does the licensee supervise:				
(a) Each branch office of the mortgage broker?				N=Violation
(b) Each qualified employee and mortgage agent authorized to conduct mortgage lending activity at a branch office of the mortgage broker?				N=Violation
NAC 645B.037:Prohibition from using name other than approved name				
Is the licensee conducting business using a name other than the name approved by the Division and indicated on the license?				Y=Violation
NAC 645B.040:Requirements for change in ownership, principal or branch office, qualified employee or closure of office.				
1. Has there been a material change in the ownership, management or principal employee at the principal office or branch office, and if so, was the commissioner notified within 30 days after the change?				N=Violation
2. If there has been a change of control as defined in NRS 645B.095,				
(a) Was a personal interrogatory or a financial statement, or both, on the prospective owner, manager or principal employee submitted to the commissioner for his consideration?				
(b) Did the person participate in the management of the licensee prior to approval from the commissioner?				
3. Has the licensee changed the location of its principal office or branch office prior to the approval of the commissioner?				Y=Violation
4. Has the licensee closed its principal office or branch office prior to the commissioner approving the closure?				Y=Violation

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NAC 645B.055: Qualified Employee	Yes	No	N/A	Comments
If the mortgage broker is doing business as a corporation, partnership, or limited liability company, have they designated a qualified employee:				N=Violation
Has the qualified employee been approved by the commissioner?				N=Violation
If the qualified employee ceases to be one, or is not approved by the commissioner, has the licensee designated another qualified employee within 30 days?				N=Violation
NAC 645B.060: Fee for supervision & related activities				
Did the licensee pay the fees assessed for the last examination along with any late fees, if applicable?				N=Violation
NAC 645B.064: Assessment for costs related to audits				
Did the licensee pay the annual assessment to cover CPA fees?				N=Violation
NAC 645B.070: Monthly Reports				
1. Has the licensee submitted monthly loan volume reports to the commissioner by the 15 th day of the month following the month for which the report was due?				N=Violation
2. If the licensee is performing loan servicing and maintains collection trust accounts, has the licensee reported, to the Commissioner, any loans where the debtor has failed to make two or more consecutive payments in accordance with the terms of the loan?				N=Violation
3. If the licensee is not servicing any loans where a debtor has failed to make two or more consecutive payments, does the monthly activity report state that fact?				N=Violation
4. Has the licensee complied with #2 above until the debtor has remedied the delinquency, or the lien has been extinguished?				N=Violation
5. Has the licensee failed to submit the above monthly reports for 1 or more of the preceding 12 months?				Y=Violation
NAC 645B.073: Documentation for action on behalf of investors				
1. If the beneficial interest in a loan belongs to more than two investors, does the loan documentation include provisions to allow the holders of 51% or greater specified percentage of the beneficial interests to act on behalf of all the investors in the event of a default or foreclosure? (Provisions required by this section may be included in the deed of trust, the assignment of beneficial interest, or any other documentation.				N=Violation

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NAC 645B.073:Cont	Yes	No	N/A	Comments
2. Do the provisions of the document allow for the designation of the mortgage broker, servicing agent or other person to act on behalf of the investors?				N=Violation
3. Do the provisions of the document allow for the sale, encumbrance or lease of the real property owned by the investors as a result of foreclosure?				N=Violation
The provisions of this section do not apply to a loan involving only two investors with equal interests.				
NAC 645B.077: Retention of Records				
Does the licensee retain records of all completed mortgage transactions at the licensed location for a period of at least 1 year and for at least 4 years, in a readily accessible location, after the close of escrow?				N=Violation
NAC 645B.080: Provision and retention of documents				
1. Unless specifically waived in writing, before an investor who is a natural person makes a loan for which a licensed mortgage broker is acting as broker, does the mortgage broker provide to each prospective investor the following documentation:				
a) A written application for the loan which is signed by the prospective borrower and which contains the borrower's address, a history of his employment and income, details of monthly payments he is obliged to pay and any other information requested by the investor?				N=Violation
b) Evidence of the history of employment and income of the prospective borrower?				N=Violation
c) Credit report on borrower(s), including any explanation of derogatory items? Has the credit report been compared to the application?				N=Violation
d) Analysis by broker of the ability of the borrower to pay his monthly debts?				N=Violation
e) A preliminary report on the status of title of the property, which is proposed as security for the loan?				N=Violation
2. Does the mortgage broker retain in his files a statement from the investor acknowledging that they have received the documents and that the decision to make the loan was made after the investor had received and reviewed the documents?				N=Violation
3. If the loan was made, does the mortgage broker maintain and provide to the investor:				
a) A copy of the promissory note?				N=Violation
NAC 645B.080 Cont	Yes	No	N/A	Comments

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b) A copy of the recorded deed of trust?				N=Violation
c) A copy of the policy of title insurance on the property securing the loan?				N=Violation
Has the licensee retained in their files a statement that the documents were provided to the investor?				N=Violation
4. If the loan is made, does the licensee retain in his files:				
a) A copy of the policy of fire insurance, that is adequate to cover the replacement cost of all improvements and endorsed to the investors?				N=Violation
b) If the investor is a corporation or partnership, a copy of its statement authorizing the loans?				N=Violation
c) If the borrower is a corporation or partnership, a copy of its statement authorizing the loan?				N=Violation
5. Are original notes, if retained, stored in a fire-proof container or room?				N=Violation
6. If the licensee has obtained an appraisal on behalf of an investor, has a copy of the appraisal been provided to the investor, upon request, and to the borrower, upon request, if the borrower paid for the appraisal.				N=Violation
NAC 645B.150: Money received to acquire loans; required statements and ledgers				
If the licensee maintains investor trust accounts as described in NRS 645B.175, does the licensee:				
1. Provide to the Commissioner a financial statement of the account or accounts, which have been audited in accordance with generally accepted auditing standards?				N=Violation
2. Maintain separate subsidiary ledgers for each investor which include:				N=Violation
a) The name and address of the investor?				N=Violation
b) The amount of the initial investment and the amount of any subsequent investments?				N=Violation
c) The date of any investment placed with the licensee by the investor?				N=Violation
d) Each specific loan invested in, including:				N=Violation
1) The number of the loan?				N=Violation
2) The name of the borrower?				N=Violation
3) The closing date of the loan?				N=Violation
NAC 645B.150 Cont	Yes	No	N/A	Comments
4) The percentage of the loan owned by the investor?				N=Violation
5) The date of the investment?				N=Violation

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6) The amount of money invested?				N=Violation
7) The maturity date of the loan or loans made?				N=Violation
8) Any change in the investment made on behalf of the investor?				N=Violation
9) The status of each loan, indicating whether the loan is current or delinquent, and if delinquent, the number of months past due?				N=Violation
3. At least annually, provide to each investor with a statement which details:				N=Violation
a) The total amount he has invested with the mortgage broker?				N=Violation
b) The amount he's invested in a loan or loans?				N=Violation
c) The current status of the loan or loans?				N=Violation
If the statements described above are provided annually, are they provided to the investor not later than 120 days after the end of the mortgage broker's fiscal year-end?				N=Violation
NAC 645B.160: Money received to repay loans: required statements and records				
If the mortgage broker maintains collection trust accounts as described in NRS 645B.175, does the mortgage broker:				
1. Provide to the Commissioner a statement of the account which has been audited in accordance with GAAP as promulgated for special reports?				N=Violation
2. Keep monthly records reconciling all payments received on loans made by investors to the collection trust accounts and any subsequent disbursement to the investors?				N=Violation
3. At least annually, provide to each investor:				N=Violation
a) A statement indicating all money collected and disbursed?				N=Violation
b) The amortized balance of each loan in which the investor has an interest?				N=Violation
If the statements described above are provided annually, are they provided to the investor not later than 120 days after the end of the licensee's fiscal year-end?				N=Violation
NAC 645B.170: Money received to acquire or repay loans: Period of retention of records.				
Has the mortgage broker retained all records of accounts maintained pursuant to sections 1 and 4 of NRS 645B.175 for at least 2 years after the date of the last transaction with the investor?				N=Violation
NAC 645B.210: Disclosure of Involvement	Yes	No	N/A	Comments
1. If an owner, partner, director, officer, manager or employee of the licensee or a relative of any of the above:				

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<p>a) Has any personal involvement in a lending or borrowing transaction of the mortgage broker which is authorized under NRS 645B; or</p> <p>b) Is licensed as, conducts business as, or holds a controlling interest or position in a construction control, escrow company or escrow agent; or a title agent, title insurer, or an escrow officer or a title agent or insurer;</p>				
Has that involvement been disclosed to the borrower and the investor before the date the loan is consummated?				N=Violation
If such involvement exists, is the disclosure provided separately from the documents of the transaction?				N=Violation
Does the disclosure clearly and concisely state the nature of the involvement?				N=Violation
Has the disclosure been signed by the borrower and the investor?				N=Violation
Has the licensee acted as attorney in fact or agent of the investor with respect to signing the disclosure?				Y=Violation
2. If the company is owned by a corporation in which one owner, director, manager or employee owns an interest of 10% or more, and that person has any personal involvement in a licensed transaction, is the involvement disclosed to the borrower and investor pursuant to (1) above?				N=Violation
NAC 645B.215: Disclosure to purchaser of existing note secured by deed of trust.				
1. Unless specifically waived in writing, before a person purchased an existing note secured by a deed of trust, or an interest therein, for which the licensee is acting as broker, has the licensee provided to the purchaser:				
a) A copy of the promissory note?				N=Violation
b) A record of the history of payments on the note or a document signed by the borrower and seller stating the existing balance of the note?				N=Violation
c) The policy of title insurance for the original beneficiaries of the note?				N=Violation
d) The original appraisal of the property securing the note, if available?				N=Violation
2. Does the licensee maintain copies of all materials provided pursuant to subsection 1 as described above?				N=Violation
NAC 645B.215	Yes	No	N/A	Comments
Cont				
3. Does the licensee maintain the originals or copies and provide to the purchasers, respectively, the copy or original of the following:				
a) The promissory note and the assignment of the note?				N=Violation

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b) A recorded deed of trust and recorded assignment of beneficial interest?				N=Violation
c) The endorsement of the policy of title insurance or a new policy of title insurance for the assignment?				N=Violation
d) A policy of fire insurance indicating coverage in an amount sufficient to cover the replacement cost of all improvements on the property including, if applicable, an endorsement naming the purchaser as payee in case of loss?				N=Violation
e) A statement signed by the purchaser acknowledging that the decision to purchase the note secured by a deed of trust was made after the purchaser was provided and reviewed the material required by subsection 1?				N=Violation
NAC 645B.220: Escrow instructions				
1. Are the escrow instructions:				
a) Signed by the mortgage broker as attorney in fact for any investor with an interest in the loan?				Y=Violation
b) Directing that all money relating to the transaction, except money for charges or fees due to the mortgage broker, be paid to an owner, partner, director, officer, manager, member, or employee of the licensee or a relative of any of the above?				Y=Violation
2. Is the Mortgage Investment Disclosure Form:				
a) In substantially the form prescribed in this section?				N=Violation
b) Signed by all investors prior to investing in the loan?				N=Violation
NAC 645B.240: Advertisements				
1. Has the licensee advertised an activity which is not licensed pursuant to chapter 645B of NRS as being licensed pursuant to that chapter?				Y=Violation
2. If the licensee is advertising for activity that is not licensed pursuant to NRS 645B, is the advertisement separate and distinct from the advertisements for company's licensed activity?				N=Violation
3. Are the following items included in the advertisements, including any advertising material available on the Internet:				
a) Licensee's name, address and telephone number; and				N=Violation
NAC 645B.240	Yes	No	N/A	Comments
Cont				
b) A description of any licensed activity mentioned in the advertisement, written in nontechnical terms.				Y=Violation
4. Has the licensee used advertising material that simulates the appearance of a check, a communication from a government entity, or an envelope containing a check or a communication from a government entity, unless:				

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<p>a) The words "THIS IS NOT A CHECK," "NOT NEGOTIABLE" or "THIS IS NOT A GOVERNMENT ENTITY," as appropriate, appear prominently on the envelope and any material that simulates the appearance of a check or a communication from a government entity; and</p> <p>b) If the material simulates the appearance of a check, the material does not contain an American Bankers Association number, microencoding or any other marks intended to create the appearance that the material is a negotiable check.</p>			<p>N=Violation</p>
NAC 645B.250: Prohibition against acting as trustee or substitute trustee under certain circumstances: exception.			
<p>1. Unless acting for the purpose of reconveying title to the trustor upon payment in full of the note, has the licensee and any partnership, corporation, or LLC in which the licensee or an officer, director, employee, or relative of the licensee has a controlling interest acted as a trustee or substitute trustee for any deed of trust for which the licensee acted at any time as an investor, mortgage broker or holder of a beneficial interest if the loans for which the deed of trust was executed was funded in whole or in part by a person other than the mortgage broker or has been assigned in whole or in part to one or more natural persons?</p>			<p>Y=Violation</p>
<p>2. If the licensee acted as trustee for the purpose of reconveying title to the trustor upon payment in full of the note:</p>			
<p>a) Did the licensee receive a signed, notarized statement from each person holding a beneficial interest in the note, or that person's agent, which authorizes the mortgage broker to so act and which directs the disposition of that person's share of the money received to pay the loan in full?</p> <p>b) Was the statement executed within 45 days before the deed of reconveyance?</p>			<p>N=Violation</p>
<p>Did the licensee or its officers, directors, or employees act as the agent for that person?</p>			<p>Y=Violation</p>

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NAC 645B.260: Disclosures regarding investments	Yes	No	N/A	Comments
Have all decisions regarding the funding of investments been made by the investor.				N=Violation
NAC 645B.270: Standards for appraisals				
Are all appraisals submitted to an investor pursuant to NAC645B.080:				
1. In the case of property located in this state, prepared by an appraiser who holds the appropriate license or certification issued by the Real Estate Division of the Department of Business & Industry>				N=Violation
2. In the case of property located outside the state, prepared by an appraiser who is authorized to perform the appraisal by the state in which the property is located?				N=Violation
NAC 645B.280: Power of Attorney				
If the licensee is using a power of attorney, has it been submitted to the Commissioner for approval?				N=Violation
Does the licensee maintain a file containing all written communications relating to the request for approval of the power of attorney?				N=Violation
If there is any extension of the power of attorney, is the request for the extension dated and a copy of the extension kept in file?				N=Violation
If the licensee has changed the power of attorney, has the licensee resubmitted the power of attorney to the Commissioner for approval?				N=Violation
NAC 645B.300: Conditions and limitations on mortgage agents				
Are any mortgage agents associated with or employed by a mortgage broker at more than one licensed office location of the mortgage broker or employed by a mortgage broker who is exempt from the provisions of chapter 645B of NRS or whose office is located outside this State.				Y=Violation
NAC 645B.310: Adequate supervision of mortgage agents				
1. Has the licensee made a reasonable effort to investigate the background and experience of a prospective mortgage agent and hire only a mortgage agent whose background and experience indicate that the person is trustworthy and competent to conduct the business of a mortgage agent?				N=Violation
2. Has the licensee adopted and followed any policies and procedures, written or oral, relating to the supervision and training of mortgage agents?				N=Violation
3. Have the mortgage agents followed the policies and procedures of the mortgage broker, written or oral, governing his activities?				N=Violation
4. Has the mortgage broker established and followed a system of review for compliance with his written or oral policies and procedures?				N=Violation

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NAC 645B.310 Cont	Yes	No	N/A	Comments
5. Do the policies and procedures of the mortgage broker require regular review of the work of a mortgage agent?				N=Violation
6. Has the mortgage broker reviewed the work of the mortgage agent in any case under examination by the commissioner?				N=Violation
7. Do the policies and procedures of the mortgage broker include training in the requirements of this chapter and chapter 645B of NRS ?				N=Violation
8. Has the mortgage broker made copies of this chapter and chapter 645B of NRS available to mortgage agents?				N=Violation
9. Do the policies and procedures of the mortgage broker include a provision for continuing education for mortgage agents?				N=Violation
10. Does the mortgage broker spend a sufficient amount of time in the office where the mortgage agent is working?				N=Violation
11. Has the mortgage broker acted on previous reports of alleged misconduct by the mortgage agent?				N=Violation
12. Would a review of the mortgage agent's previous work disclose a problem with conduct?				Y=Violation
Section 9 of Adopted Regulations: Dual licensing disclosure Has the mortgage broker, mortgage agent or qualified employee who is also licensed as a real estate broker or real estate salesman and who acts in both capacities in a single transaction made the Dual Capacity Disclosure to the borrower?				N=Violation
Section 10 of Adopted Regulations: Sharing Office Space				
1. If the mortgage broker shares office space with any other business, does each business have a designated space within the office space and each business is separately identifiable by a sign or other method of identification within the office space?				N=Violation
2. If the mortgage broker shares office space with a business licensed pursuant to chapter 645 of NRS:				
a) Does each business have separate and distinct office space and signs such that a reasonable customer would understand which business he is transacting with at all times?				N=Violation
b) Does each business operate as a separate legal entity?				N=Violation
c) Does each business maintain separate accounts, books and records?				N=Violation
d) Does each business maintain separate licenses?				N=Violation
e) Are the businesses subsidiaries of the same parent corporation or are otherwise affiliated businesses?				N=Violation